



EDUCATION

MANAGEMENT GROUP

A COALITION OF SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION AND STATEWIDE ASSOCIATIONS

May 25, 2005

COUNTY OFFICES OF EDUCATION

Contra Costa El Dorado Kern
Los Angeles Marin Orange
Piedmont San Bernardino San Diego
Santa Clara

UNITED SCHOOL DISTRICTS

Alford Antioch Arcadia
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Covina Valley Corona-Norco Covina Valley
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El Segundo Fremont Fresno
Glendale Glendora Hemet
Irvine John Swan Jurupa
La Canada Lake Elsinore Los Virgenes
Lodi Long Beach Los Angeles
Los Banos Modesto Monterey
Merced Merced
Marina Valley Morgan Hill Monrovia
Mt. Diablo Murietta Valley Novato
Muirview Palm Springs Palo Alto
Palo Verde Palms Verdes Peninsula
Petaluma Pittsburg Placenta-Yuba Linda
Pleasanton Poway Riverside
Redden Redwood Sacramento
Saddleback Valley San Bernardino
San Diego San Francisco San Jacinto
San Juan San Ramon Valley
Santa Ana Santa Valley Shoreline
Santa Valley South Pasadena Temecula Valley
Tulare Tracy Joint Tustin
Val Verde Ventura Visalia
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HIGH SCHOOL DISTRICTS

Academy Atherton Carmichael Valley
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Tomball William S. Hart

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Alhambra Brentwood Bolinas-Sausalito
Byron Canyon Cupertino
Dixon Kensington Knighten
Lafayette Lagunitas Loma
Larkspur Magnolia Marinette
Merced City Mill Valley Nicasio
Oak Grove Oakley Orinda
Palo Alto Redwood Redwood
Rosa Rest Valley San Rafael
Santa Rosa Sausalito Solano Beach
Union Joint Walnut Creek

STATEWIDE ASSOCIATIONS

Association of California School Administrators (ACSA)
Association of California Urban School Districts (ACUSD)
California Association of School Business Officials (CASBO)
California Association of Suburban School Districts (CASSD)
California County Superintendents Educational Services Association (CCSESA)
California School Boards Association (CSBA)
Small School Districts' Association (SSDA)

Ms. Paula Higashi
Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814

Dear Ms. Higashi:

On behalf the Education Management Group, which represents all statewide management associations including school boards (CSBA), school administrators (ACSA), county superintendents (CCSESA), school business officials (CASBO), urban, suburban and small school district associations and school districts and county offices of education we are writing to express our objection to the Commission staff analysis for the reconsideration of the School Accountability Report Card (SARC) test claim. This issue will be before the Commission on State Mandates hearing on Thursday, May 26, 2005 and we ask that you distribute this to the members of the Commission.

In the analysis and proposed statement of decision for the reconsideration of a prior final decision on the SARC test claim, Commission Staff recommends that the Commission deny the portions of the original test claim decision that are being reconsidered. The basis for this reconsideration is a new legal theory that would require school districts to prove that they spent local property tax revenues to comply with a state mandate before being entitled to state reimbursement for costs.

From both a practical and legal standpoint, this new theory is ludicrous and almost impossible for districts to demonstrate. School districts do not segregate general funds in a manner that would allow them to identify whether a particular expenditure utilized local property tax revenues or revenues from the state or other sources. State regulations have largely standardized district accounting practices, and none of these regulations or accounting practices parse out expenditures as specifically related to property tax revenues. While revenues and expenditures related to many categorical programs are tracked, the same is not generally true for district general funds. A district's general fund is largely made up of its revenue limit, which consists of both state and local revenues. So, for example, it would be impossible to prove that six hours of a school administrator's time to comply with a state mandate required an expenditure of local property tax revenues since the general fund expenditure

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MAY 25 2005

**COMMISSION ON
STATE MANDATES**

Ms. Paula Higashi
May 25, 2005
Page 2

for the administrator's salary is not separately apportioned by revenue source.

If the Commission adopts the staff analysis, the State could totally avoid paying school districts for mandated costs by creating a new accounting requirement that districts cannot meet. No such requirement existed when Proposition 4 (adding mandate reimbursement for local government, including school districts, among other things) was enacted by the voters in 1979, and no such requirement has been imposed on school districts receiving mandate reimbursements for over 20 years.

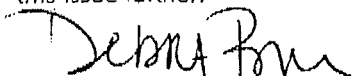
Further, Commission staff cites a number of court cases in support of the new local property tax theory, none of which are remotely on point. None of the cases cited relate to school districts, which are unique among local governments in terms of their funding. Moreover, neither the cases nor the staff analysis make any attempt to address the fact that Proposition 4 specifically included school districts among the local government entities that must be reimbursed for state mandated costs pursuant to Article XIII B of the California Constitution. The voters were well aware in 1979 that school districts received a significant portion of their funding from the state, and nothing in Proposition 4 suggests that they wanted all state funds used as an offset, which would be the practical effect of this new theory against any mandate reimbursement claims. The new local property tax theory would nullify the will of the voters as expressed through Proposition 4.

Further, the staff analysis simply ignores the fact that the new legal theory would not only eliminate future mandate payments to school districts, but it would also mean that school districts should have never received mandate reimbursements in the first place. It is highly unlikely that any previous mandate claim met the new requirement of proving that local property tax revenues were expended, and that the district received insufficient state funds to offset the mandate claim. The new theory conflicts with more than 20 years of legislative action, including budget appropriations, numerous court decisions and state agency interpretations regarding the constitutional obligation of the state to reimburse school districts for mandated costs.

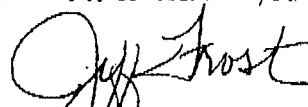
The Commission on State Mandates should reject the Commission staff's faulty analysis and recommendations regarding the reconsideration of the SARC mandate. The Commission should reschedule the SARC mandate reconsideration for a future hearing so that staff can provide an analysis that is consistent with mandate law and the State's interpretation of that law over the last 20 years.

Moreover, if there is a desire to reconsider state mandate laws as they apply to school districts, this should be done in the clear light of day with an explanation for why schools should be singled out and denied reimbursement. Such a dramatic policy decision should not be buried in the Commission's action related to the SARC mandate.

Thank you for your consideration of our request. Please feel free to contact us if you would like to discuss this issue further.



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